

TEACHERS' RETIREMENT BOARD  
INVESTMENT COMMITTEE

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SUBJECT: External Equity – Panel on U.S. Equity Market

ITEM NUMBER: 4

ATTACHMENT(S): 1

ACTION: \_\_\_\_\_

DATE OF MEETING: February 3, 1999

INFORMATION: X

PRESENTER(S): Ms. Okada

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EXECUTIVE SUMMARY

One of the objectives for the 1998/99 fiscal year is to provide the Investment Committee with a series of educational presentations to assist in the managing and monitoring of the investment portfolio. This is the fifth of ten scheduled presentations for the coming year. The topic is the “U.S. Equity Market”.

The STRS Investment Committee adopted an allocation of 38% of the total portfolio to be invested in domestic equities. Of this allocation 20% is targeted for active management. To meet this allocation STRS released a request for proposal and selected sixteen (16) managers from this process.

Attachment 1 provides a biographical summary of three investment professionals representing a panel which is designed to allow a maximum amount of interaction. Each Panelist represents a firm that was selected as a result of the recent request for proposal process. The following identifies the panelists and the subjects to be discussed:

- Mr. Eddie C. Brown, President of Brown Capital Management, Inc. – “Is the U.S. Equity market overvalued?”
- Mr. Robert D. Arnott, Managing Partner and Chief Executive Officer of First Quadrant, L.P. – “Active v. Passive management”
- Mr. James D. Miller, President and Chief Investment Officer of Chicago Equity Partners Corporation – “Value v. Growth”

Each panelist will make a five minute presentation. After the completion of the three presentations, a question and answer session will follow.

## **BIOGRAPHIES**

### **EDDIE C. BROWN**

Eddie C. Brown is founder and President of Brown Capital Management. Mr. Brown has over 28 years of investment experience having served as Vice President and Portfolio Manager for over 10 years at T.Rowe Price Associates immediately prior to starting his own firm. He has a Bachelors of Science in Electrical Engineering from Howard University, a Master of Science in Electrical Engineering from New York University and a Masters of Business Administration from Indiana University School of Business. He also has two professional designations, Chartered Financial Analyst (CFA) and Chartered Investment Counselor (CIC).

Mr. Brown is currently a member of the Board of Trustees of the Baltimore Community Foundation, the Living Classrooms Foundation, The Baltimore Museum of Art and the Walters Art Gallery. He also serves on the Board of Directors for The Center Club, is a member of The President's Roundtable, and in 1998 was appointed to the ERISA Advisory Council. For the past nineteen years, Mr. Brown has been a regular panelist on the nationally televised public broadcasting program, Wall Street Week with Louis Rukeyser.

### **ROBERT D. ARNOTT**

Robert D. Arnott is Managing Partner and Chief Executive Officer of First Quadrant, L.P. Mr. Arnott joined First Quadrant in early 1988. He has authored over forty articles of original research published in professional journals, three of them required reading for the Chartered Financial Analyst program. He has won the AIMR Graham & Dodd scroll four times. This award is given each year for the best published articles on investment theory. Scrolls were awarded for Mr. Arnott's original research in the development of domestic and global disciplines for tactical asset allocation, for research on the relationship between the business cycle and security selection, and for research on the nature of stock market duration.

He is a member of the Editorial Board of the Journal of Portfolio Management and Investing magazine, the Chairman's Advisory council of the Chicago Board Options Exchange and the Product Advisory Board of the Chicago Mercantile Exchange and the Toronto Stock Exchange. He edited the first and second editions of Active Asset Allocation (Probus Press, 1988 and 1992). He has a reputation for creating innovative products that add value for clients and for his firm.

Mr. Arnott joined First Quadrant from Salomon Brothers, where he developed and published research relating to pension sponsor activities, equity strategy, asset allocation strategy, and investment theory. Mr. Arnott was previously President and Chief Investment Officer at TSA Capital Management. He graduated from the University of California with highest honors in economics, applied mathematics and computer science.

**JAMES D. MILLER**

James D. Miller is President and Chief Investment Officer of Chicago Equity Partners, which was created from the former Institutional Equity Group at Bank of America. Mr. Miller leads a team of investment management specialists that have been managing equity portfolios in Chicago since 1989, the year he assembled this group of professionals, and which currently manages in excess of \$8 billion in assets.

Mr. Miller joined Continental Bank, which was acquired by Bank of America in 1994, as Managing Director of the Investment Management Group in 1988. He was appointed Executive Vice President in 1994. In 1995, he was named Head of Institutional Equity Investment Management.

Mr. Miller was previously with Mellon Bank, where he had been Vice President and Manager of Investments since 1984. He also served in various capacities at Moore, Leonard & Lynch, Pittsburgh National Bank, and American Bank & Trust Company of Pennsylvania.

Mr. Miller received a BS in 1964 and a MBA in 1967 from Lehigh University. He became a Chartered Financial Analyst in 1971. He is a member of the Association for Investment Management and Research and past director of the Investment Analysts Society of Chicago.